

Registration number 03305378

# The National Association of Commercial Finance Brokers

(A company limited by guarantee)

Directors' report and consolidated  
financial statements

for the year ended 31 December 2011

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**The National Association of Commercial Finance Brokers**  
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## **The National Association of Commercial Finance Brokers**

### **Directors' report for the year ended 31 December 2011**

The directors present their report and the consolidated financial statements for the year ended 31 December 2011

#### **Directors of the company**

The directors who held office during the year were as follows

Mr R N Wells

Mr K A Jones

Mr J W Phillips

Mr M J S Grimshaw

Miss D J Boyes

Mr P Hellowell (resigned 1 January 2011)

Mr N Pointin (resigned 1 January 2011)

Mr A L Coles

Mr A P Bullard (appointed 1 January 2011)

Mr A W Pritchard (appointed 1 January 2011)

Mr N Simpson (appointed 1 January 2011)

Mr P Goodman (appointed 1 January 2011)

#### **Principal activity**

The principal activity of the group is to promote and protect the professional interests of persons engaged in the business of acting as commercial finance brokers through the non profit making organisation. The group continues to provide and maintain a Code of Practice for its members.

#### **Business review**

##### ***Fair review of the business***

This current year saw a number of changes in many ways, firstly more activity for our members, an increase in written business to £8.6 Billion, secondly an increase in the number of our Patrons and we also saw a huge uplift in the profile of the NACFB nationally. The changes we made for a more prudent NACFB have now come to fruition and this combined with a very successful Broker override scheme has not only boosted our surplus for the year, but has also enhanced our bank balance.

There are a number of changes planned for the coming year and a successful 2011 has given us the platform to bring this about. These plans are for the benefit of our members, but will also help the SME community across the UK. It is an investment for the future for the Association and its members and perhaps this current year will be remembered as the turning point for us. Both, financially and in our aim for national recognition, which after two years of determined lobbying, we are beginning to be seen as the place to go for the broadest range of commercial finance advice.

The Member Services side of the business saw successful events throughout the year and the three showcase events all returned a surplus for us. The number of exclusive arrangements for our members grew throughout the year, our member number began to rise again and finally the upgrade of many of our members from Associate to Full member status has given us the leap in credibility we needed.

**The National Association of Commercial Finance Brokers**


**Directors' report for the year ended 31 December 2011**

*..... continued*

**Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Approved by the board on 26/06/12 and signed on its behalf by



A Tyler  
Company secretary

## **The National Association of Commercial Finance Brokers**

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent auditor's report to the members of The National Association of Commercial Finance Brokers**

We have audited the financial statements of The National Association of Commercial Finance Brokers for the year ended 31 December 2011, set out on pages 6 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of directors' responsibilities (set out on page 3), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2011 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

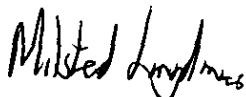
**Independent auditor's report to the members of  
The National Association of Commercial Finance Brokers**

*..... continued*

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Mr Nigel Fry (Senior Statutory Auditor)  
For and on behalf of  
Milsted Langdon LLP  
Chartered Accountants and Statutory Auditors  
Taunton

29 June 2012

**The National Association of Commercial Finance Brokers**  
**Consolidated profit and loss account for the year ended 31 December 2011**

	Note	2011 £	2010 £
Turnover	2	773,219	413,128
Cost of sales		<u>(341,071)</u>	<u>(123,393)</u>
Gross profit		432,148	289,735
Administrative expenses		<u>(327,780)</u>	<u>(298,888)</u>
Group operating profit/(loss)	3	104,368	(9,153)
Other interest receivable and similar income	6	<u>2,871</u>	<u>3,246</u>
Profit/(loss) on ordinary activities before taxation		107,239	(5,907)
Tax on profit/(loss) on ordinary activities	7	<u>(1,263)</u>	<u>-</u>
Profit/(loss) for the financial year attributable to members of the parent company	13	<u><u>105,976</u></u>	<u><u>(5,907)</u></u>

Turnover and operating profit derive wholly from continuing operations

The group has no recognised gains or losses for the year other than the results above



**The National Association of Commercial Finance Brokers**  
**Consolidated balance sheet at 31 December 2011**

	Note	£	2011 £	£	2010 £
<b>Fixed assets</b>					
Tangible fixed assets	8		2,965		6,157
<b>Current assets</b>					
Debtors	10	301,772		65,924	
Cash at bank and in hand		<u>178,042</u>		<u>165,181</u>	
		479,814		231,105	
Creditors amounts falling due within one year	11	<u>(286,072)</u>		<u>(146,531)</u>	
Net current assets			<u>193,742</u>		<u>84,574</u>
Net assets			<u>196,707</u>		<u>90,731</u>
<b>Capital and reserves</b>					
Profit and loss account	13		<u>196,707</u>		<u>90,731</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Approved by the board on 26/6/12 and signed on its behalf by



Mr A P Bullard  
Director

**The National Association of Commercial Finance Brokers**

**(Registration number: 03305378)**

**Balance sheet at 31 December 2011**

	Note	2011 £	2010 £
<b>Fixed assets</b>			
Tangible fixed assets	8	1,725	3,905
Investments	9	<u>1</u>	<u>1</u>
		<u>1,726</u>	<u>3,906</u>
<b>Current assets</b>			
Debtors	10	163,831	55,208
Cash at bank and in hand		<u>171,585</u>	<u>167,006</u>
		335,416	222,214
Creditors amounts falling due within one year	11	<u>(158,255)</u>	<u>(140,434)</u>
Net current assets		<u>177,161</u>	<u>81,780</u>
Net assets		<u><u>178,887</u></u>	<u><u>85,686</u></u>
<b>Capital and reserves</b>			
Profit and loss account	13	<u><u>178,887</u></u>	<u><u>85,686</u></u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Approved by the board on 26/6/12 and signed on its behalf by



Mr A P Bullard  
Director

**The National Association of Commercial Finance Brokers**  
**Notes to the financial statements for the year ended 31 December 2011**

**1 Accounting policies**

**Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

**Basis of consolidation**

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2011

Subsidiary undertakings are included using the acquisitions method of accounting. Under this method the group profit and loss account and statement of cashflows include the results and cashflows of subsidiaries from the date of acquisition and to the date of sale outside the group in the case of disposals of subsidiaries. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

No profit and loss account is presented for the company as permitted by Section 408 of the Companies Act 2006. Its profit for the financial year was £93,201 (2010 - £10,449 loss)

**Turnover**

Turnover represents the total invoice value of sales, net of value added tax where applicable, and adjusted for deferred income.

**Depreciation**

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Fixtures, fittings and equipment	25% straight line

**Deferred tax**

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by the FRSSE.

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

**Hire purchase and leasing**

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

**Pensions**

The group operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme.

**The National Association of Commercial Finance Brokers**  
**Notes to the financial statements for the year ended 31 December 2011**

..... *continued*

**2 Turnover**

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the UK

**3 Operating profit/(loss)**

Operating profit/(loss) is stated after charging

	2011 £	2010 £
Operating leases - plant and machinery	2,011	1,934
Operating leases - other assets	33,479	29,279
Loss on sale of tangible fixed assets	60	-
Depreciation of owned assets	4,115	3,769
Auditor's remuneration	<u>6,415</u>	<u>5,914</u>

**4 Auditor's remuneration**

	2011 £	2010 £
Audit of the financial statements	<u>6,415</u>	<u>5,914</u>

£3,801 (2010 - £3,423) of the fee for auditing the financial statements relates to the company

**5 Particulars of employees**

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows

	2011 No.	2010 No.
Administration and support	<u>5</u>	<u>6</u>

The aggregate payroll costs were as follows

	2011 £	2010 £
Wages and salaries	160,587	169,709
Staff pensions	<u>2,010</u>	<u>3,140</u>
	<u>162,597</u>	<u>172,849</u>

**The National Association of Commercial Finance Brokers**

**Notes to the financial statements for the year ended 31 December 2011**

*..... continued*

**6 Other interest receivable and similar income**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Bank interest receivable	<u>2,871</u>	<u>3,246</u>

**7 Taxation**

**Tax on profit/(loss) on ordinary activities**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
Corporation tax charge	581	-
Adjustments in respect of previous years	<u>682</u>	<u>-</u>
UK Corporation tax	<u>1,263</u>	<u>-</u>

**Factors that may affect future tax charges**

A deferred tax asset has not been recognised in the consolidated balance sheet due to the uncertainty of the level of future profits of NACFB Member Services Limited. The amount not recognised in the period was £4,743 (31 December 2010 - £nil)

**The National Association of Commercial Finance Brokers**

**Notes to the financial statements for the year ended 31 December 2011**

*..... continued*

**8 Tangible fixed assets**

**Group**

	<b>Fixtures and fittings £</b>	<b>Total £</b>
<b>Cost or valuation</b>		
At 1 January 2011	42,718	42,718
Additions	983	983
Disposals	<u>(7,287)</u>	<u>(7,287)</u>
At 31 December 2011	<u>36,414</u>	<u>36,414</u>
<b>Depreciation</b>		
At 1 January 2011	36,561	36,561
Charge for the year	4,115	4,115
Eliminated on disposals	<u>(7,227)</u>	<u>(7,227)</u>
At 31 December 2011	<u>33,449</u>	<u>33,449</u>
<b>Net book value</b>		
At 31 December 2011	<u>2,965</u>	<u>2,965</u>
At 31 December 2010	<u>6,157</u>	<u>6,157</u>

**The National Association of Commercial Finance Brokers**

**Notes to the financial statements for the year ended 31 December 2011**

..... *continued*

**Company**

	<b>Fixtures and fittings £</b>	<b>Total £</b>
<b>Cost or valuation</b>		
At 1 January 2011	36,644	36,644
Additions	617	617
Disposals	(7,287)	(7,287)
At 31 December 2011	<u>29,974</u>	<u>29,974</u>
<b>Depreciation</b>		
At 1 January 2011	32,739	32,739
Charge for the year	2,737	2,737
Eliminated on disposals	(7,227)	(7,227)
At 31 December 2011	<u>28,249</u>	<u>28,249</u>
<b>Net book value</b>		
At 31 December 2011	<u>1,725</u>	<u>1,725</u>
At 31 December 2010	<u>3,905</u>	<u>3,905</u>

**9 Investments held as fixed assets**

**Company**

	<b>2011 £</b>	<b>2010 £</b>
Shares in group undertakings and participating interests	<u>1</u>	<u>1</u>

**Shares in group undertakings and participating interests**

	<b>Subsidiary undertakings £</b>	<b>Total £</b>
<b>Cost</b>		
At 1 January 2011	<u>1</u>	<u>1</u>
At 31 December 2011	<u>1</u>	<u>1</u>
<b>Net book value</b>		
At 31 December 2011	<u>1</u>	<u>1</u>
At 31 December 2010	<u>1</u>	<u>1</u>

# The National Association of Commercial Finance Brokers

## Notes to the financial statements for the year ended 31 December 2011

..... continued

### Details of undertakings

Details of the investments in which the group holds 20% or more of the nominal value of any class of share capital are as follows

Undertaking	Holding	Proportion of voting rights and shares held	Principal activity
<b>Subsidiary undertakings</b>			
NACFB Member Services Limited	Ordinary	100%	Organising events and providing services to members

### 10 Debtors

	2011 £	Group 2010 £	2011 £	Company 2010 £
Trade debtors	72,473	48,983	64,800	45,263
Amounts owed by group undertakings	-	-	90,509	1,900
Other debtors	206,436	5,272	-	-
Prepayments and accrued income	22,863	11,669	8,522	8,045
	<u>301,772</u>	<u>65,924</u>	<u>163,831</u>	<u>55,208</u>

### 11 Creditors: amounts falling due within one year

	2011 £	Group 2010 £	2011 £	Company 2010 £
Trade creditors	11,322	6,914	6,909	5,617
Corporation tax	581	-	581	-
Other taxes and social security	4,716	9,662	3,669	9,662
Other creditors	105,899	-	-	-
Accruals and deferred income	163,554	129,955	147,096	125,155
	<u>286,072</u>	<u>146,531</u>	<u>158,255</u>	<u>140,434</u>



# **The National Association of Commercial Finance Brokers**

## **Notes to the financial statements for the year ended 31 December 2011**

*..... continued*

### **12 Share capital**

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £5 towards the assets of the company in the event of liquidation.

### **13 Reserves**

#### **Group**

	<b>Profit and loss account £</b>	<b>Total £</b>
At 1 January 2011	90,731	90,731
Profit for the year	<u>105,976</u>	<u>105,976</u>
At 31 December 2011	<u>196,707</u>	<u>196,707</u>

#### **Company**

	<b>Profit and loss account £</b>	<b>Total £</b>
At 1 January 2011	85,686	85,686
Profit for the year	<u>93,201</u>	<u>93,201</u>
At 31 December 2011	<u>178,887</u>	<u>178,887</u>

### **14 Reconciliation of movement in shareholders' funds**

#### **Group**

	<b>2011 £</b>	<b>2010 £</b>
Profit/(loss) attributable to the members of the group	<u>105,976</u>	<u>(5,907)</u>
Net addition/(reduction) to shareholders' funds	<u>105,976</u>	<u>(5,907)</u>
Shareholders' funds at 1 January	<u>90,731</u>	<u>96,638</u>
Shareholders' funds at 31 December	<u>196,707</u>	<u>90,731</u>

**The National Association of Commercial Finance Brokers**  
**Notes to the financial statements for the year ended 31 December 2011**

..... *continued*

**Company**

	2011 £	2010 £
Profit/(loss) attributable to the members of the company	93,201	(10,449)
Net addition/(reduction) to shareholders' funds	93,201	(10,449)
Shareholders' funds at 1 January	85,686	96,135
Shareholders' funds at 31 December	<u>178,887</u>	<u>85,686</u>

**15 Pension schemes**

**Defined contribution pension scheme**

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £2,010 (2010 - £3,140).

Contributions totalling £nil (2010 - £nil) were payable to the scheme at the end of the year and are included in creditors.

**The National Association of Commercial Finance Brokers**  
**Notes to the financial statements for the year ended 31 December 2011**

..... *continued*

**16 Commitments**

**Operating lease commitments**

**Group**

As at 31 December 2011 the group had annual commitments under non-cancellable operating leases as follows

Operating leases which expire

	2011 £	2010 £
<b>Land and buildings</b>		
Over five years	<u>31,900</u>	<u>29,000</u>

**Company**

As at 31 December 2011 the company had annual commitments under non-cancellable operating leases as follows

Operating leases which expire

	2011 £	2010 £
<b>Land and buildings</b>		
Over five years	<u>17,400</u>	<u>14,500</u>